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210800Z May 03

UNCLAS HARARE 000983

SIPDIS

SENSITIVE

STATE FOR AF/S
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER
USDOC FOR 2037 DIEMOND
PASS USTR ROSA WHITAKER
TREASURY FOR ED BARBER AND CWILKENSON
USAID FOR MAJORIE COPSON

E.O. 12958: N/A
TAGS: EFIN ECON ETRD ZI
SUBJECT: Inflation hits 269 percent

11. (U) Summary: Zimbabwe's official inflation has reached 269 percent, adding to the country's economic woes. End Summary.

12. (U) This is the year-on-year rate for April 2003, as measured by the Central Statistical Office (CSO)'s Consumer Price Index. The March-to-March rate was 228 percent. The increase does not yet take into account recent price hikes in soft drinks, postage rates, train fares and telephone charges. CSO methodology also precludes factoring in black-market rates for fuel, although transport costs are otherwise reflected in many product increases.

Comment

13. (U) This is very troubling, but expected, news. As we have noted, the GOZ's much-ballyhooed goal of double-digit inflation for 2003 is no longer feasible. Locals joke they can almost watch prices climb if they stand in front an item on the supermarket shelf for five minutes.

14. (SBU) However, economists are gratified that GOZ Information Minister Jonathan Moyo has not yet compelled CSO statisticians to doctor their numbers. The opposition press reported last week that Moyo instructed business/economics reporters from the State media to make reports more upbeat. While the CSO's CPI methodology is badly outdated, it is still a professional undertaking.

Whitehead